

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 PA-01 PRS-01 DODE-00 AGR-05 INT-05 /092 W
----- 068597

R 081401Z MAY 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 9985

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 1858

E.O. 11652: GDS

TAGS: PFOR, PINT, HO

SUBJECT: AMBASSADOR'S CALL ON CHIEF OF STATE MELGAR

1. AMBASSADOR CALLED ON CHIEF OF STATE MELGAR THIS MORNING (MAY 7) FOR THE PURPOSE OF PRESENTING THE DEPUTY CHIEF OF MISSION AND AID DIRECTOR. FOLLOWING ARE THE HIGHLIGHTS OF OUR CONVERSATION WHICH LASTED NEARLY ONE HOUR.

2. COL. MELGAR STATED THAT HE HOPED DURING HIS TERM IN OFFICE TO BE ABLE TO DO A GOOD DEAL OF TRAVELING ABOUT THE COUNTRY AND NOT TO BE TOO DESK-BOUND. HE BELIEVES THIS IS THE ONLY WAY FOR A CHIEF EXECUTIVE TO LEARN THE REALITY OF WHAT HIS PEOPLE ARE THINKING AND DOING. HE INTENDS TO MAKE A SERIES OF SURPRISE VISITS IN ORDER TO ENSURE THAT HE IS WELL INFORMED AND THAT WHAT HE SEES AND LEARNS IS AUTHENTIC.

3. HE EXPRESSED CONSIDERABLE OPTIMISM IN REGARD TO AN EARLY SETTLEMENT OF THE DISPUTE WITH EL SALVADOR. REFERRING TO THE CONFIDENTIAL

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THREE MEETINGS WHICH HAVE ALREADY TAKEN PLACE IN RECENT WEEKS BETWEEN THE MILITARY OF THE TWO COUNTRIES IN THE BORDER AREAS, HE SAID THAT THE SALVADORAN OFFICERS AND MEN INVOLVED INFORMED HIS PEOPLE THAT THEY CONSIDER THAT MORE PROGRESS HAS BEEN

MADE IN THE PAST MONTH IN THIS RESPECT THAN IN THE PAST FIVE YEARS. HE REITERATED THE RESPONSIBILITY WHICH HE AND HIS FELLOW MEMBERS OF THE ARMED FORCES BELIEVE THEY HAVE TO ACHIEVE AN EARLY AND MUTUALLY SATISFACTORY SETTLEMENT IN ORDER TO PUT AN END TO THE PRESENT SITUATION WHICH DAMAGES BOTH COUNTRIES SO GREATLY. HE PLANS TO USE THESE MEETINGS OF THE MILITARY AS A "FIRST WAVE OF DIPLOMACY", ADDING THAT UPON THE RETURN OF THE FOREIGN MINISTER FROM THE OAS GENERAL ASSEMBLY IN WASHINGTON THE CHIEFS OF THE ARMED FORCES OF THE TWO COUNTRIES WILL MEET WITHIN A PERIOD OF ONE MONTH. HE SAID THAT IF CONDITIONS ARE RIGHT HE AND PRESIDENT MOLINA MAY MEET TOGETHER IN NOVEMBER OR DECEMBER. HE MENTIONED THE RECENT VISITS BY DELEGATIONS FROM NICARAGUA AND GUATEMALA, RECIPROCATING THE VISITS OF AN HONDURAN DELEGATION TO BOTH COUNTRIES AND CONFIRMED THAT THE GUATEMALAN GOVERNMENT HAD OFFERED TO HOST A MEETING BETWEEN PRESIDENT MOLINA AND HIMSELF. COL. MELGAR STATED THAT HE KNOWS MOLINA AND A NUMBER OF OTHER PROMINENT OFFICIALS IN EL SALVADOR FROM PERIODS OF TRAINING TOGETHER IN THE SCHOOL OF THE AMERICAS. HE STATED THAT THE CHIEFS OF STATE OF CENTRAL AMERICA ARE SCHEDULED TO MEET IN A STILL UNDETERMINED PLACE SOMETIME BEFORE THE 25TH OF MAY. HE PROFESSED A WILLINGNESS TO GO ANYWHERE EXCEPT EL SALVADOR FOR THIS MEETING. THERE IS TO BE NO FIXED AGENDA. HE DOES NOT BELIEVE THE HONDURAN-SALVADORAN DISPUTE WILL BE DISCUSSED AT THIS MEETING SINCE THE TWO COUNTRIES PREFER TO HANDLE THIS MATTER BILATERALLY.

4. AMONG INTERNAL MATTERS, THE CHIEF OF STATE REGARDS HIS MOST IMPORTANT TASK TO BE THE FAIR AND JUST APPLICATION OF THE NEW AGRARIAN REFORM LAW. THE REGULATIONS APPLYING THE LAW, WHICH ARE NOW BEING FORMULATED, MUST BE PREPARED AND ANALYZED WITH EXTREME CARE SINCE, IF THE AGRARIAN REFORM FAILS, HE FORESEES THE CAMPESINOS TAKING A RADICAL TURN TO THE LEFT. HE SAID THE GOVERNMENT IS WORKING HARD TO PERSUADE LAND OWNERS AND CAMPESINOS TO COOPERATE. THE GOVERNMENT HAS ALREADY MET WITH BOTH GROUPS AND WILL CONTINUE TO MEET WITH OTHER MAJOR SECTORS OF THE SOCIETY IN AN ENDEAVOR TO REDUCE THE TENSIONS WHICH HAVE DEVELOPED OVER THE LAST FEW YEARS.
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5. HE LISTED THE BANANA COMPANIES AS HIS SECOND MAJOR DOMESTIC CONCERN. COL. MELGAR EXPRESSED THE VIEW THAT THE PREVIOUS GOVERNMENT UNFORTUNATELY HAD TENDED TO NEGLECT THIS PROBLEM AREA. HE SAID THE LAWS MUST BE MADE LESS RIGID AS WAS AMPLY PROVEN BY THE SITUATION IN ISLETAS WHERE THE STANDARD FRUIT COMPANY WITH THE SUPPORT OF THE PEASANTS WANTED TO ROTATE THE WORKERS AFTER THE HURRICANE, BUT THE MINISTRY OF LABOR HAD REFUSED TO AGREE TO THIS. HE CONFIRMED THAT STANDARD HAD JUST AGREED ON A PROVISIONAL BASIS TO ALLOW INA TO TAKE OVER SOME OF THE LANDS IN THIS AREA FOR IMMEDIATE EXPLOITATION PENDING THE NEGOTIATION AND SIGNING OF AN EXPROPRIATION AGREEMENT.

6. AFTER RECEIVING A RUNDOWN BY MR. KIMBALL ON THE STATUS OF AID'S CURRENT RECONSTRUCTION PROGRAMS AND AN OUTLINE OF WHAT IS PROPOSED FOR THE COMING YEAR, COL. MELGAR COMMENTED PARTICULARLY ON THE URGENT NEED TO GET THE PEASANTS, ALONG WITH OTHER SECTORS OF SOCIETY, BACK TO WORK. HE EMPHASIZED THE IMPORTANCE OF PRODUCTION OF SUFFICIENT BASIC GRAINS TO FEED THE COUNTRY AS WELL AS THE NECESSITY OF INCREASING NATIONAL PRODUCTION FOR EXPORT. HE EXPRESSED A GENERALLY OPTIMISTIC VIEW ON THE ECONOMY, DESPITE CURRENT PROBLEMS, BUT ACKNOWLEDGED THAT HE HOPED TO BE ABLE TO COUNT ON THE UNITED STATES FOR CONTINUED SUPPORT. HE AGREED WITH THE AMBASSADOR ON THE IMPORTANCE OF PRIVATE ENTERPRISE, BOTH DOMESTIC AND FOREIGN, IN PROMOTING THE RECOVERY OF THE ECONOMY AND IN PROVIDING NECESSARY JOBS. HE ADDED THAT HE HOPED IN THE NEAR FUTURE TO HAVE A MEETING OF THE AMBASSADOR WITH THE PRINCIPAL MEMBERS OF THE GOH AT WHICH THEY WILL SET FORTH THEIR PLANS AND PROJECTS.

7. COL. MELGAR EXPRESSED CONSIDERABLE PREOCCUPATION OVER THE IMMINENT ARRIVAL OF THE RAINY SEASON BECAUSE OF THE STILL UNFINISHED STATE OF MANY OF THE RECONSTRUCTION PROJECTS AFTER THE FIFI DISASTER AND THE THREAT OF NEW FLOODS IN THE NORTHERN VALLEYS AS A RESULT OF THE EROSION AND OTHER DESTRUCTION CREATED BY FIFI. THE GOH IS MONITORING THIS SITUATION VERY CAREFULLY AND IS INTERESTED IN ASCERTAINING IN GREATER DEGREE HOW U.S. AID COULD BE HELPFUL IN THIS AREA.
SANCHEZ

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